## Amendments

Please amend the above-identified application, as follows:

## In the Claims:

Please cancel claim 11 without prejudice.

Please amend claims 1, 12, 24 & 37 as follows:

>1. (Amended) A method for encoding a frame having [a noisy portion, said frame comprising] a plurality of macroblocks, said method comprising [for each macroblock of said plurality of macroblocks]:

determining whether said frame includes a noisy portion, and if so, then for each macroblock of said <u>frame:</u>

determining a macroblock activity level; (i)

(ii) determining ∳hen said macroblock activity level exceeds a predefined threshold, 10 wherein said macroblock activity level exceeding 11 said predefined threshold indicates that said 12 macroblock is associated with said noisy portion 13 of said frame; and

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adjusting encoding of said macroblock when said macroblock activity level exceeds said predefined threshold to conserve bits used in encoding said/macroblock and thereby save bits

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otherwise used to encode said noisy portion of said frame.

12. (Amended) The method of claim [11]1, wherein said determining whether said frame comprises said noisy portion includes calculating a frame complexity value and comparing said frame complexity value to a predefined complexity threshold.

24. (Amended) A system for encoding a frame [having a noisy portion, said frame] comprising a plurality of macroblocks, said system comprising:

means for determining whether said frame includes

a noisy portion, and if so, then for each macroblock of

said frame:

- (i) means for determining a macroblock activity level;
  - (ii) means for determining when said macroblock activity level exceeds a predefined threshold, wherein said macroblock activity level exceeding said predefined threshold indicates that said macroblock is associated with said noisy portion of said frame; and
  - (iii) means for adjusting encoding of said macroblock when said macroblock activity level exceeds said predefined threshold to conserve bits

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used in encoding said macroblock and thereby save bits otherwise used to encode said noisy portion of said frame.

37. (Amended) A computer program product comprising a computer usable medium having computer readable program code means therein for use in encoding a frame [having a noisy portion, said frame] comprising a plurality of macroblocks, said computer readable program code means in said computer program product comprising [for each macroblock of said plurality of macroblocks]:

A4 Cond computer readable program code means for causing a computer to affect determining whether said frame includes a noisy portion, and if so, then for each macroblock of said frame said computer program comprises:

computer readable program code means for causing a computer to affect determining a macroblock activity level;

computer readable program code means for causing a computer to affect determining when said macroblock activity level exceeds a predefined threshold, wherein said macroblock activity level exceeding said predefined threshold indicates that said macroblock is associated with said noisy portion of said frame; and